

EXECUTIVE SUMMARY

The staff of the Federal Energy Regulatory Commission (Commission or FERC) has prepared this draft supplemental environmental impact statement (DSEIS) to assess the environmental impacts associated with the construction and operation of a project that would involve facilities proposed by five pipeline companies. Collectively this project is referred to as the Northeast (NE)-07 Project. We¹ have prepared this document as a supplement to the final environmental impact statement (FEIS) that was prepared for the Millennium Pipeline Project² and issued in October 2001.

BACKGROUND

On September 19, 2002, the Commission issued an order (Final Order) approving the Millennium Pipeline Project proposed by Millennium Pipeline Company, L.P. (Millennium) in Docket Nos. CP98-150 et al [under section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations] and the related abandonment application proposed by Columbia Gas Transmission Corporation (Columbia) in Docket Nos. CP98-151 et al [under section 7(b) of the NGA and Part 157 of the Commission's regulations]. The Millennium Pipeline Project FEIS and the record of the decision in that proceeding are incorporated by reference into this DSEIS. The NE-07 Project would in effect be a modification of and an alternative to the Millennium Pipeline Project approved in that proceeding. It would include construction and operation of certain facilities approved for the Millennium Pipeline Project, with some additions and modifications, as well as facilities proposed by four other companies as summarized below and as described more fully in this document.

- Millennium would construct, acquire, and operate certain amendment facilities in Docket No. CP98-150-006, CP98-150-007, and CP98-150-008 for the Millennium Pipeline Project – Phase I, or the Phase I Project.
- Columbia has proposed in Docket Nos. CP98-151-003 and CP98-151-004 to abandon in place or by conveyance to Millennium certain facilities related to the Millennium amendment applications.
- Columbia has proposed the Line A-5 Replacement Project in Docket No. CP05-19-000. (On August 1, 2005, Columbia requested that this application be consolidated with Millennium's amendment application.)
- Empire State Pipeline and Empire Pipeline, Inc. (collectively referred to as Empire) propose in Docket No. CP06-5-000 to construct the Empire Connector Project.
- Algonquin Gas Transmission System, LLC (Algonquin) proposes in Docket No. CP06-76-000 to construct the Ramapo Expansion Project.
- Iroquois Gas Transmission System, LP (Iroquois) proposes in Docket No. CP02-31-002 to amend the certificate it received from the Commission on October 31, 2002, in Docket No. CP02-31-000 to modify the approved facilities and to construct and operate certain additional facilities for the MarketAccess Project.

An environmental assessment (EA) was issued for Iroquois' Brookfield Expansion Project in the original proceeding in 2002. The EA and the record of the decision in that proceeding are incorporated by reference into this DSEIS.

¹ "We", "us", and "our" refer to the environmental staff of the Office of Energy Projects, part of the Commission staff.

² On September 19, 2002, the Commission issued an order approving the Millennium Pipeline Project in Docket Nos. CP98-150 et al. On July 12, 2005, Millennium was granted approval of its request for an extension of time to file its implementation plan for the project and to complete construction, since its amendment to the project application was expected to be filed with the Commission soon.

On August 1, 2005, Millennium filed its application with the Commission to amend the Certificate of Public Convenience and Necessity (Certificate) issued by the Commission for the Millennium Pipeline Project. This Certificate also included approval of Columbia's related abandonment application in Docket Nos. CP98-151 et al. whereby Columbia would abandon certain pipeline facilities in place, by removal, and by conveyance to Millennium. In its request for amendment, Millennium asks that the previously authorized project be approved for construction in phases (as opposed to construction during a single construction period). Therefore, Millennium identified route and facility modifications to the previously authorized project in its application for the Phase I Project.

On December 20, 2005, Millennium filed an amendment (Docket No. CP98-150-007) to its August 1, 2005 amendment application reflecting a modification to its proposed compressor station facilities it would install in Corning, New York.

On May 3, 2006, Millennium filed a second amendment application (Docket No CP98-150-008) to: reflect the conversion of Millennium Pipeline Company, L.P. to Millennium Pipeline, L.L.C.; modify the facilities Millennium would acquire from Columbia and operate; update customer precedent agreements; modify the capacity lease agreement with Columbia; relocate the proposed Wagoner Metering and Regulating (M&R) Station from Milford, Pennsylvania, to Deer Park, New York; and propose two minor route variations and modifications to locations for pipe, contractor, and staging yards. Further, Millennium proposes to vacate in part the certificate of public convenience and necessity it received in the Final Order as it relates to the Phase II facilities and conditions. Therefore, Millennium proposes to construct and operate only the facilities it has identified as Phase I facilities.

Columbia filed on August 1, 2005, its related amendment application in Docket No. CP98-151-003 to correspond with the modifications proposed in Millennium's amendment application. These facilities were subsequently modified by Columbia's May 3, 2006 amendment application (Docket No. CP98-151-004) to correspond with Millenniums' filing on the same date.

On October 11, 2005, Empire filed an application with the Commission in Docket No. CP06-5-000 under section 7(c) of the NGA and Part 157 of the Commission's regulations for a Certificate to construct and operate the Empire Connector Project. On March 1, 2006, Empire filed a supplement/addendum to its application to present proposed variations in the pipeline route and the results of additional surveys completed during the fall of 2005.

Algonquin filed an application with the Commission on March 1, 2006, in Docket No. CP06-76-000 under section 7(c) of the NGA and Part 157 of the Commission's regulations for a Certificate to construct and operate the Ramapo Expansion Project. Algonquin filed supplemental information about an alternative site for its proposed Oxford Compressor Station on April 12, 2006.

On March 29, 2006, Iroquois filed an application with the Commission in Docket No. CP02-31-002 under section 7(c) of the NGA and Part 157 of the Commission's regulations for an amendment to its October 31, 2002 Certificate.

PROPOSED ACTION

Millennium does not presently own any pipeline facilities but would construct and operate pipeline and other facilities and acquire pipeline and other facilities from Columbia for continued use and/or replacement as listed above. Millennium has redesigned and reduced the scale of the system that the Commission previously authorized to meet the current needs of the natural gas market. Millennium conducted an open season in June 2005 for pipeline capacity on its proposed project. The shippers who

have contracted for service on Millennium's system would arrange for upstream and/or downstream transportation on one or more pipelines. The Phase I Project would provide for the delivery of about 525,400 dekatherms per day (Dth/d) to Millennium's customers (as opposed to 714,000 Dth/d in the original certificate application). It would interconnect with Algonquin's 26- and 30-inch-diameter pipelines at the existing Ramapo M&R Station which would be modified by this project. In general, the Phase I Project would include:

- construction of about 181.7 miles of 30-inch-diameter pipeline from Corning, New York, to Ramapo, New York, (from milepost [MP] 190.6 to MP 376.6), with four proposed route modifications within this area;
- acquisition from Columbia and continued use of about 7.1 miles of 24-inch-diameter Line A-5 pipeline from MP 340.5 to MP 347.7;
- acquisition from Columbia of the facilities Columbia would convey to Millennium;
- construction of 1,278 feet of 24-inch-diameter pipeline from MP 343.8 to MP 344.1;
- installation of additional compression and M&R facilities at Columbia's existing Corning Compressor Station (MP 190.6);
- construction of the Deer Park M&R station in Deer Park, New York; and
- installation of upgrades to the Ramapo M&R station in Ramapo, Rockland County, New York.

The Phase I Project would include construction and operation of Columbia's proposed Line A-5 Replacement Project. The Line A-5 Replacement Project consists of:

- replacement of 8.8 miles of 8- and 16-inch-diameter segments of Columbia's existing Line A-5 pipeline with larger 30-inch-diameter pipeline in Orange and Rockland Counties, New York;
- modification of three existing M&R stations (the Tuxedo, Sloatsburg, and Ramapo M&R stations) on this segment of Line A-5 to accommodate the larger diameter pipeline; and
- abandonment in place of about 1.0 mile of the existing Line A-5 pipeline.

Pursuant to its May 3, 2006 amendment application, Columbia proposes the following:

- abandonment in place of about 4.5 miles of 10-, 82.2 miles of 12-, 0.2 mile of 16-, and 2.5 miles of 20-inch-diameter pipeline in Steuben, Chemung, Tioga, Broome, Orange, and Delaware Counties, New York, designated as Line A-5;
- abandonment by removal (Millennium would remove Columbia's pipeline when it installs its pipeline via same ditch replacement) of about 55.5 miles of 12-, 16.6 miles of 10-, and 8.8 miles of 8-inch-diameter pipeline in Delaware, Sullivan, Orange, and Rockland Counties, New York, designated as Line A-5, and of the Walton Deposit M&R station at MP 276.1 in Delaware County (Millennium would relocate this facility at the landowner's request and to move it closer to Line A-5);
- abandonment by conveyance to Millennium of:
 - about 3.1 miles of 10- and 12-inch-diameter pipeline in Steuben County, New York, designated as Line 10325;
 - about 0.4 mile of 10-inch-diameter pipeline in Broome County, New York, designated as Line 10356;
 - about 52.5 miles of 10-, 12-, and 24-inch-diameter pipeline in Steuben, Chemung, Broome, and Orange Counties, New York, designated as Line A-5;
 - about 2.6 miles of 6-inch-diameter pipeline in Tioga County, New York, designated as Line AD-31;
 - about 0.1 mile of 12-inch-diameter pipeline in Broome County, New, York, designated as Line N;

- about 6.7 miles of 24-inch-diameter pipeline in Rockland County, New York, designated as Line 10338;
- twenty three M&R stations in New York:

Millennium would replace the facilities Columbia would abandon in place or remove with its proposed project facilities, or it would continue to use those it would acquire by conveyance.

The Empire Connector Project would supply about 250,000 Dth/d of transmission capacity and have a maximum allowable operating pressure of 1,440 pounds per square inch gauge (psig). It would supply natural gas to Millennium's pipeline system, in order to serve downstream markets in the New York, New Jersey, and New England areas. This project would consist of:

- construction of about 78 miles of new 24-inch-diameter pipeline and associated facilities in Ontario, Yates, Schuyler, Chemung, and Steuben Counties, New York; and
- construction of a new compressor station in Genesee County, New York.

The Ramapo Expansion Project would provide an additional 125,000 Dth/d of firm natural gas transportation services to Consolidated Edison Company (Con Edison) and 200,000 Dth/d of transportation capacity to KeySpan Energy Delivery (KeySpan) for the New York natural gas market. Upstream transportation for the volumes to be delivered to Con Edison would be provided by Millennium and Algonquin. This project would consist of:

- replacement about 4.9 miles of existing 26-inch-diameter pipeline with 42-inch-diameter pipeline in Rockland County, New York;
- construction of miscellaneous pipeline modifications and meter station modifications at several locations in Rockland County, New York, and Fairfield County, Connecticut;
- modifications to three existing compressor stations in Rockland and Putnam Counties, New York, and Morris County, New Jersey; and
- construction of one new natural gas compressor station in New Haven County, Connecticut.

Iroquois proposes to modify, construct, and operate the MarketAccess Project to provide 100,000 Dth/d of firm natural gas transportation services to Con Edison. The gas would be delivered to Con Edison at Iroquois' existing Hunts Point, Bronx, New York meter station. This project would consist of:

- reduction of the proposed size of the compressor to be constructed in the Town of Brookfield, Connecticut, from 10,000 hp to 7,700 hp;
- construction of a new transfer compressor station and natural gas cooling facilities in the Town of Brookfield, Fairfield County, Connecticut; and
- installation of cooling facilities at Iroquois' existing compressor station in Town of Dover, Dutchess County, New York.

The following text summarizes affected resources and issues along the proposed route.

Soils – The New York State Department of Agriculture and Markets (NYSDA&M), a cooperating agency, has worked with Millennium and Empire to address issues related to potential impacts to soils in agricultural areas. Some agricultural areas that would be affected by project construction are within lands with high watertables which require additional mitigation to protect. Millennium and Empire have modified their Environmental Construction Standards (ECS) and Erosion and Sedimentation Control and Agricultural Mitigation Plan (ESCAP), respectively, to address soil compaction, restoration, drain tiles, inspection, monitoring, and other issues based on the recommendations of the NYSDA&M.

Millennium's proposed Warwick Isle Route Variation would affect land within a unique area known as the "black dirt" area. It is comprised of peat deposits and is within the Pine Island area of Orange County, New York. Millennium developed a site-specific plan (the Black Dirt Plan) for the black dirt area to address concerns identified by landowners and the NYSDA&M. This plan was addressed in the 2001 FEIS for the Millennium Pipeline Project and is incorporated by reference into this document. Millennium's use of the Black Dirt Plan along the Warwick Isle Route Variation and appropriate areas of the previously approved pipeline route, and would minimize impacts to these unique soils. Construction in other areas would be addressed by implementing the applicant's environmental construction plans [Millennium and Columbia's ECS, Empire's ESCAMP, and Algonquin's Environmental Management and Construction Plan (EM&CP)] which are consistent with our Upland Erosion Control, Revegetation, and Maintenance Plan (Plan) and Wetland and Waterbody Construction and Mitigation Procedures (Procedures). Iroquois would implement the recommendations of our Plan and Procedures.

Waterbodies - The NE-07 Project would cross a total of 557 waterbodies, of which 255 are perennial. A total of nine waterbodies would be over 100 feet wide at the crossing. About 98 percent of the waterbodies would be crossed using dry crossing techniques (e.g., dam and flume, horizontal directional drill, or dry ditch).

Endangered and Threatened Species - A total of six federally listed endangered or threatened species were considered by the FERC as potentially occurring in the vicinity of the proposed project facilities. The species include the endangered Indiana bat, shortnose sturgeon, and dwarf wedge mussel; and the threatened bald eagle, bog turtle, and Leedy's roseroot. To comply with the requirements of Section 7 of the Endangered Species Act, we have conducted informal consultation with the FWS and the NMFS regarding the presence of federally listed or proposed endangered or threatened species and their critical habitats in the project areas. We have prepared a draft BA for the NE-07 Project in which we determined that the Phase I Project may affect, but is not likely to adversely affect, the Indiana bat if proposed construction and maintenance timing restrictions are implemented. Project activities in Algonquin's Stony Point Compressor Station, Southeast Compressor Station, and pipeline replacement component in Rockland County, New York, could also affect Indiana bats. Algonquin has scheduled field surveys for Indiana bats in potential habitat areas that may be affected by project construction between May and August of 2006. Therefore, potential impact on this species in Algonquin's project area cannot be analyzed until all surveys and consultation with the FWS have been completed. However, we believe that the recommendation to limit tree clearing for construction and maintenance pruning to the October 1 to March 30 timeframe would mean that the project may affect, but is not likely to adversely affect, the Indiana bat.

Coastal Zone Management Consistency - Algonquin's proposed Hudson River Valve Site modification construction areas would be within the NYS Coastal Zone Management Boundary. The State of New York Department of State (NYDOS), Division of Coastal Resources, has determined that Algonquin's project meets its general consistency concurrence criteria and that no further review of the proposed activity would be required by the NYDOS. This General Concurrence was dated March 15, 2006. No other project areas would affect coastal zone areas.

Wetlands - According to field delineations and reviews of state and federal wetlands maps conducted by the project sponsors, the proposed pipeline facilities would cross about 680 wetlands for a total crossing length of 27.4 miles, affecting about 200.7 acres during construction. Included would be about 40 crossings of NYSDEC-regulated freshwater wetlands for a total crossing length of 3.2 miles, affecting about 29.6 acres during construction. Construction of the proposed aboveground facilities for the four NE-07 projects would convert a total of 0.1 acre of wetland to developed land. In addition, Millennium would permanently fill 13 small wetlands within its permanent ROW, impacting 0.26 acre of wetland. We believe that if the project were constructed in accordance with the procedures identified by each

pipeline company in its environmental construction plan and Spill Prevention Control and Countermeasures Plan (SPCC Plan), as supplemented with site-specific mitigation measures and our recommendations, impacts on wetlands would be minimized.

Alternatives - We evaluated numerous alternatives to each component of the NE-07 Project to determine whether they would be reasonable and environmentally preferable to the proposed action. As part of this, we evaluated No Action or Postponed Action alternatives. In addition, we evaluated system alternatives (although none of the pipeline companies implicated by these system alternatives has filed applications to construct or operate these alternatives), major route alternatives, minor route variations, and aboveground facility alternatives for each NE-07 Project component.

Based on our analysis, we have recommended that Millennium incorporate the NYSEG Chemung, NYSEG Tioga-Broome, NYSEG Delaware, and the Warwick Isle Route Variations. We have also recommended that Millennium acquire and use Columbia's Line A-5 pipeline alternative in the vicinity of the Neversink River because it would avoid direct disturbances to the Neversink River and its associated federally endangered species. We have recommended that the Sterling Forest ® State Park / Laurel Ridge Alternative and the Ramapo River HDD Variation be incorporated into the Line A-5 Project route. For the Empire Connector Project, we evaluated a system alternative involving connecting with Tennessee's system, but did not find this to be a reasonable alternative. We also evaluated numerous broad corridors and minor route variations within the Victor to Corning, New York area, and determined that the proposed route would be a reasonable combination of the evaluated areas to avoid impacts to environmental resources, and in particular to minimize impacts to agricultural resources. We evaluated three aboveground facility site alternatives in comparison to Empire's proposed Oakfield Compressor Station site, concluded that Empire's proposed site would be reasonable for the new compressor station. We evaluated five alternative sites (Sites B through F) to the proposed site (Site A) for Algonquin's Oxford Compressor Station. There is more support from local officials for Site F which would be adjacent to a planned commercial development and the Site A property owner has expressed some concern about the project. We concluded that both Site A and Site F would be reasonable for construction of the new station. We do not recommend use of the Vale Road alternative site for Iroquois' proposed Brookfield Compressor Station. We believe the optimal site for the compressor station for this project is the proposed High Meadow Road site. Overall, we believe the proposal as modified by our recommendations and route variations is the preferred alternative.

PUBLIC COMMENTS

On January 10, 2006, the Commission issued a Notice of Intent to Prepare a Supplemental Environmental Impact Statement for the Proposed Millennium Phase I Project, Columbia Line A-5 Replacement Project, Empire Connector Project, Algonquin Ramapo Expansion Project, and Iroquois MarketAccess Project and Request for Comments on Environmental Issues (NOI). The NOI was sent to about 2,781 individuals and organizations and was published in the Federal Register. The Commission subsequently issued a Notice of Alternative Project Site for the Algonquin Ramapo Expansion Project on March 8, 2006, to address the possible use of an alternative site for Algonquin's proposed Oxford Compressor Station. A number of public information meetings were held by the applicant pipeline companies in selected locations near the proposed facilities, to provide the general public with an opportunity to learn more about the project components and to comment on environmental issues to be addressed in the EIS. We received scoping comments from a total of about 215 individuals representing federal and state agencies, counties, municipalities, organizations, and concerned citizens. Of these, about 60 were form letters and 362 were requests to intervene.

MAJOR CONCLUSIONS

We conclude that construction and operation of the NE-07 Project would result in impacts in the project areas that may be locally significant. Most notably during the construction period, the project would cause a variety of adverse impacts. Although these may be mitigated extensively through proposed and recommended mitigation, many would be unavoidable. However, this Draft Supplemental EIS finds that, compared to the impacts originally evaluated for the Millennium Pipeline Project in our FEIS issued in October 2001, the magnitude and severity of potential impacts to certain specific issues (involving pipeline crossings of coastal zone areas and protected species issues) would be reduced or avoided due to the exclusion of certain geographic areas from the proposed NE-07 Project.

The most significant unavoidable impacts would be potential damage to farm soils, especially in areas with high watertables and the black dirt area in Orange County, New York; permanent conversion of about 21.3 acres of forested wetland to non-forested wetland within the permanent right-of-way (ROW); and permanent conversion of about 439.4 acres of upland forest within the permanent ROW and about 14.0 acres of forest within aboveground facility sites. Although we have examined many alternatives, we have been unable to find an alternative that would not create similar disturbances to other locations, other landowners, and other environmentally sensitive areas.

Impacts would be most significant during the construction period. As part of our analysis, we have developed specific mitigation measures that we believe to be appropriate and reasonable for construction and operation of the proposed facilities. Each applicant pipeline company would implement the construction and restoration procedures identified in its Erosion and Sediment Control Plan (Millennium and Columbia's ECS, Empire's ESCAMP, and Algonquin's E&SC, and/or by implementing the recommendations of our Plan and Procedures, which Iroquois proposes to do, as well as the additional mitigation measures identified in this document and the applicants' supplemental filings. The applicants would also complete compliance with the Endangered Species Act, Clean Water Act, Coastal Zone Management Act, and the National Historic Preservation Act before being allowed to begin construction. We believe that these measures would reduce environmental impact, and have concluded that this project can be constructed and operated in accordance with these mitigation measures. Further, after review of the impacts of and alternatives for this project, as modified by the recommendations in this draft supplemental EIS, we believe that this project is the preferred alternative for providing up to 525,400 Dth/d of natural gas transportation service to this area.